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SUPREME COURT, U.S.

In The

Supreme Court of the United States

KSR INTERNATIONAL CO.,

Petitioner,

v.

TELEFLEX INC. and TECHNOLOGY HOLDING CO.,

Respondents.

On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF OF THE INTELLECTUAL PROPERTY LAW ASSOCIATION OF CHICAGO AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENT

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QUESTION PRESENTED

Whether the Federal Circuit has erred in holding that a claimed invention cannot be held "obvious," and thus unpatentable under 35 U.S.C. § 103(a), in the absence of some proven " 'teaching, suggestion, or motivation' that would have led a person of ordinary skill in the art to combine the relevant prior art teachings in the manner claimed."

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INTEREST OF THE *AMICUS CURIAE*[1]

Founded in 1884, the Intellectual Property Law Association of Chicago ("IPLAC") is the oldest intellectual property law association in the nation. Its approximately 1,000 members represent a full spectrum of the profession ranging from law firm attorneys to sole practitioners, corporate attorneys, law school professors, and law students. IPLAC is centered in Chicago, a principal forum for patent litigation in this country. Every year, IPLAC's members prosecute thousands of patent applications and litigate many patent lawsuits.

IPLAC is a not-for-profit organization dedicated to maintaining a high standard of professional ethics in the practice of patent, trademark, copyright, trade secret, and associated fields of law. A principal aim is to aid in the development and administration of these laws and the manner by which they are applied by the courts and by the United States Patent and Trademark Office. IPLAC is further dedicated to providing a medium for the exchange of views on intellectual property law among those practicing in the field and to educating the public at large.

IPLAC itself has no interest in any party to this litigation or stake in the outcome of this case.

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[1] Pursuant to Rule 37.6, *amicus curiae* certifies that no counsel for a party authored this brief in whole or in part and that no person or entity, other than *amicus*, its members, or its counsel, has made a monetary contribution to the preparation or submission of this brief. The parties have filed letters consenting to the filing of this brief with the Clerk of this Court.

SUMMARY OF THE ARGUMENT

Other briefs have explored the history of obviousness, Supreme Court precedent and the caselaw of the Federal Circuit. This brief will discuss the importance of objective evidence of obviousness, particularly proof of teaching, suggestion or motivation to combine ("TSM"), and some likely practical consequences if proof of TSM were not required. This brief will also respond to selected arguments raised in this very significant case.

IPLAC strongly supports the requirement of objective evidence of obviousness, including objective evidence of TSM. IPLAC does not oppose the development of other ways to prove obviousness, provided that they are objective, not subjective. However, the TSM standard is very flexible and provides a solid foundation on which obviousness determinations can be made in a relatively predictable, consistent manner.

As a practical matter, rejection of the TSM requirement would lead to less certainty and predictability in both patent prosecution and litigation. From an administrative standpoint in the U.S. Patent and Trademark Office ("PTO"), objective evidence showing obviousness to modify and combine is essential for training purposes, review and consistency. It is important in litigation because judges and juries are not schooled in the nuances of obviousness and non-obviousness.

Opponents of the TSM requirement advocate using subjective standards such as "synergy," "mere aggregation," and so forth. Under such subjective standards, the conclusion as to obviousness depends more on the personal experience and personality of the person making it than on the evidence. For at least this reason, such subjective

standards would have far reaching adverse consequences, including a decline in quality, consistency, and predictability in the PTO and in litigation.

The patent system favors disclosure of all non-obvious inventions over maintaining inventions as trade secrets. In so doing, it is important that the system encourage disclosure of incremental improvements, as well as pioneering breakthroughs in technology. The adoption of subjective standards that might recognize only the breakthroughs would not encourage the disclosure of incremental improvements.

ARGUMENT

I. Obviousness Must Be Determined By Objective Evidence, Not Subjective Speculation

The TSM standard implements 35 U.S.C. § 103(a) by informing the PTO and the courts of objective facts that apply to an obviousness analysis. Its purpose is to prevent hindsight reasoning, and it "informs the *Graham* analysis."[2] It does not undermine, contradict, or vary § 103(a). Evidence of TSM provides an objective standard for making an otherwise subjective and quite esoteric judgment, namely whether or not a claimed invention would have been "obvious" at the time of the invention.

[2] *DyStar Textilfarben GmbH & Co. Deutschland KG v. C.H. Patrick Co.*, 2006 WL 2806466, at *4 (Fed. Cir. October 3, 2006) [hereafter "DyStar"].

Section 103(a) itself requires objective evidence to establish obviousness, *i.e.*, specific prior art references. It requires an objective analysis of the scope and content of those references and an objective analysis of the differences between that prior art and the claimed invention. The statute is silent as to the conditions under which the references can be modified, combined, etc. to substantiate the ultimate conclusion of obviousness.

The issue in this case is whether those conditions must be based on objective evidence, known as evidence of TSM, or on subjective conclusions, such as "capable of," "wholly unexpected," etc., as asserted by the Petitioner and others. IPLAC submits that evidence to support modification and combination should be objective, and that the TSM standard for defining the nature of that evidence is well-suited to that purpose. It is flexible, as will be seen, but most importantly, it is objective.

II. Elimination Of The TSM Standard Would Have Adverse Consequences For Both Patent Prosecution And Patent Litigation

As a practical matter, objective standards such as those defined by the TSM requirement promote the goals of certainty over uncertainty, and predictability over unpredictability. Evidence of TSM also discourages the improper use of hindsight. Adoption of the subjective standards proffered by Petitioner and others would likely undermine these goals and have undesirable consequences from a practical standpoint, both in patent prosecution and in litigation.

A. Examination In The PTO Is More Consistent And Predictable When Examiners Have TSM Evidence To Modify And Combine References

From an administrative perspective, the PTO is a pyramid, with the Board of Appeals at the top and hundreds of examiners at all levels of skill at the bottom. Many of the examiners are not attorneys, and turnover is infamously high.[3] Effective administration requires well-defined guidelines for consistent examination and to assure fair and even treatment to all applicants.

The PTO is staffed by junior examiners who do not have signatory authority. Their work is reviewed by supervisors who are authorized to sign papers. The supervisors are also responsible for training, quality and consistency. Among many other things, the junior examiners must learn about the legal standard for rejecting a claimed invention as obvious. This includes an understanding of how and when references can be modified and combined to establish obviousness, which is the heart of the TSM standard.[4]

If a rejection is appealed, the PTO Board of Patent Appeals needs the examiner's objective findings to review the decision and consider the applicant's arguments. The

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[3] NATIONAL ACADEMY OF PUBLIC ADMINISTRATION, U.S. PATENT AND TRADEMARK OFFICE: TRANSFORMING TO MEET THE CHALLENGES OF THE 21ST CENTURY 79-82 (2005).

[4] The PTO has developed detailed instructions for establishing *prima facie* obviousness, including guidelines for establishing evidence of TSM. U.S. PATENT AND TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE ¶¶ 706.02(j), 2142, 2143 (8th ed. 2001 rev. 2006), available at www.uspto.gov/web/offices/pac/mpep/index.html.

Board's decision is reviewed by the Federal Circuit or the federal district court, where detailed, objective findings are also a practical necessity.[5] Without such objective findings, beginning at the first level of review by junior examiners, effective review is all but impossible.

All things considered, including the size of the bureaucracy, patent prosecution in the PTO is relatively consistent and predictable, in part because of the TSM standard. Without objective evidence sufficient to meet the TSM standard, the presently orderly and relatively predictable prosecution of patents is apt to devolve into a chaotic condition of unpredictability and uncertainty. In addition, there will be little or no protection against the improper use of hindsight. These consequences can and should be avoided by retaining the TSM standard.

B. Patent Litigation Is More Consistent And Predictable When Proof Of TSM Is Required

District court judges and juries do not have the training of examiners, yet they must decide whether an invention would have been obvious to a hypothetical person in a certain technical field. Without evidence that links the prior art presented, the judge or jury would be left adrift, with no objective reference from which to decide the ultimate conclusion regarding obviousness.

Petitioner argues that it is too difficult to prove obviousness in litigation.[6] It is true that patents enjoy a

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[5] *See, e.g., In re Lee*, 277 F.3d 1338, 1342-1345 (Fed. Cir. 2002) (holding that the Administrative Procedure Act requires that the Board make findings for purposes of appellate review.)

[6] Brief of Petitioner at 32-42.

statutory presumption of validity and that the statute fixes the burden of proving invalidity on the patent challenger.[7] The evidence must be clear and convincing.[8] The TSM standard merely calls for evidence that justifies and explains the modifications and combinations of references assertedly proving invalidity. If there is a problem, it does not lie with the TSM standard.

Here, too, the TSM evidence-requiring standard is an important tool in obtaining relative predictability and certainty. As a practical matter, overturning the TSM standard would have an adverse impact on patent enforcement because that tool of predictability and certainty would be compromised.

III. The Patent System Beneficially Encourages Incremental Improvement As Well As Pioneering Innovation

Petitioner argues that the TSM standard has lowered the level of invention required for patentability to an undesirable level and has greatly increased the difficulty of overcoming the presumption of validity in litigation.[9] The argument is misplaced.

The patent system has contributed to an explosion of technological development in this country, particularly since the creation of the Federal Circuit. That development can be broadly described to include both fundamental

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[7] 35 U.S.C. § 282.

[8] *See, e.g., Pentec, Inc. v. Graphic Controls Corp.*, 776 F.2d 309, 312 (Fed. Cir. 1985); *Gardner v. TEC Sys., Inc.*, 725 F.2d 1338, 1345 (Fed. Cir. 1984).

[9] Brief of Petitioner at 33.

advances and small, incremental improvements in existing products, as well. The patent system is crafted to encourage innovation at all levels.

The invention in this case was an incremental improvement, so incremental improvements will be addressed here.

The patent system encourages incremental improvements in technology because even small technological advances are extremely valuable to the progress of technology, and valuation of such improvements is best left to the market. As such, the patent system performs an important function: encouraging disclosure of even incremental innovation over secrecy.[10]

There should be no harm in patenting small advances in technology, because the coverage of such patents must be limited to those small advances. If the small advances are not technologically or economically important, infringement of such patents can be easily avoided by not using these small patented improvements, preferably by achieving the same or a better result in a substantially different way or by using substantially different structures.

Patents do sometimes issue with unduly broad claims, and it is reasonable to assume that this occurs on occasion because the PTO examiner handling the application did not muster adequate TSM evidence. The patent system provides safeguards against such broad claims. First, the statute provides for reexamination after issuance, which

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[10] Patents on incremental improvements also serve the important function of encouraging investment, because investors and banks are more likely to risk resources in ventures having the competitive advantages flowing from even narrow patent rights.

can be initiated by a third party.[11] Second, federal courts have jurisdiction to declare patents invalid after receiving appropriate evidence.

IV. The TSM Standard Is Not Inflexible

Opponents of the TSM standard incorrectly assert that the TSM standard is an inflexible requirement and urge this Court to open the door to other ways to prove obviousness. IPLAC certainly agrees that if there are other objective proofs of obviousness that may apply in a given case, such proof should not be rejected. Such additions or alternatives to the TSM standard could be developed, but that should be left to the Federal Circuit.[12] In any event, the TSM standard has broad flexibility, as will be seen.

The TSM standard addresses three types of evidence which may be used to support a conclusion of obviousness: teaching, suggestion or motivation.

The "teaching" leg of the rule is the most stringent, because a teaching suggests the most detailed form of disclosure. Evidence of an explicit "suggestion" to combine might be less specific than that required to establish a teaching. It is less stringent and more flexible. Evidence of an "implicit" suggestion can also establish obviousness, with an even lower threshold of actual disclosure. Here, evidence of the level of skill in the art and knowledge of those of ordinary skill can be quite relevant.

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[11] 35 U.S.C. § 301 *et seq.*

[12] The Federal Circuit was created to specialize in patent law and address its many complex issues, including obviousness.

Motivation to solve a problem in a particular way is another alternative leg that can be used under the TSM standard to establish obviousness. This offers even more flexibility in judgment. As Chief Judge Michel of the Federal Circuit said recently:

> In contrast to the characterization of some commentators, the suggestion test is not a rigid categorical rule. The motivation need not be found in the references sought to be combined, but may be found in any number of sources, including common knowledge, the prior art as a whole, or the nature of the problem itself . . . . As we explained, . . . "there is no requirement that the prior art contain an express suggestion to combine known elements to achieve the claimed invention. Rather, the suggestion to combine may come from the prior art, as filtered through the knowledge of one skilled in the art." [citations omitted]

DyStar, *supra* note 2, at *4.

Thus, the TSM standard is quite flexible, adequately implements § 103(a), is consistent with this Court's precedents, and serves the public interest in obtaining consistent, reliable, predictable prosecution and protection of patents.

V. The Subjective Tests Proposed By The Opponents Of The TSM Standard Are Unacceptably Vague And Arbitrary

Petitioner and other opponents of the TSM standard propose abandoning the TSM standard and replacing it with a different test. The arguments include making the

test whether a person of ordinary skill would have been "capable of" making the combination,[13] or whether the result was "synergistic,"[14] "wholly unexpected,"[15] reached an "extraordinary level,"[16] or was a "mere aggregation."[17] The Government suggests making the determination on a case-by-case basis.[18] Each of these subjective standards is vague and arbitrary, and each has flaws which will become apparent.

The suggested "capable of" standard for proving obviousness might or might not raise the level of patentable invention, but it would surely create uncertainty. More importantly, it would undermine one of the two purposes of the patent system – prompt disclosure.

The patent system rewards those who can *and do*, not those who can but don't. Thus, if 1,000 people are "capable of" combining several references to obtain a claimed invention, but 999 do not disclose the combination, the patent system rewards the first one who does disclose the invention, provided that the combination is not "obvious."

In the present case, all of the relevant prior art was publicly available at least four (4) years before February 14, 1998, the presumptive date of the invention of the

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[13] Brief of Petitioner at 25-27.

[14] Brief of Petitioner at 24, 31, *citing Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976).

[15] Brief of Petitioner at 21, *citing U.S. v. Adams*, 383 U.S. 39 (1966).

[16] Brief of *Amicus Curiae* United States at 10, 24.

[17] Brief of Petitioner at 23, 26, *citing Lincoln Eng'g Co. v. Stewart-Warner Corp.*, 303 U.S. 545 (1938).

[18] Brief of *Amicus Curiae* United States at 25-27.

patent-in-suit.[19] *Teleflex, Inc. v. KSR Int'l Co.*, 298 F. Supp.2d 581, 588-89 (E.D. Mich. 2003). There may have been others who had the innovative abilities to make the invention, *i.e.*, they were "capable of" making it, but they did not. In sum, measuring patentability by whether one of ordinary skill was "capable of" making an invention would be wrong.

The "synergy," "wholly unexpected" and "extraordinary level" perspectives are also completely subjective. Among other things, they depend on the viewer. One of ordinary skill in the art might find a result wholly unexpected or extraordinary that would not be unexpected or extraordinary to a technically untrained judge or jury, and *vice versa*. There would be no sense of predictability, and the patent system would not serve the public interest.[20]

The "synergy," "wholly unexpected" and "extraordinary level" verbiage suggests a high level of invention. However, a patent is not a Nobel Prize reserved for the best and only the best. It is an incentive to innovate,

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[19] The district court relied on a combination of three pieces of prior art in making its obviousness determination: U.S. Pat. No. 5,010,782 to Asano; U.S. Pat. No. 5,385,068 to White, and a pedal assembly installed in certain 1994 Chevrolet pick-up trucks. These pieces of prior art have effective dates of July 28, 1989, December 18, 1992 and 1994, respectively. *Id.* at 588-89.

[20] In the last sentence of § 103(a) ("Patentability shall not be negatived by the manner in which the invention was made"), Congress rejected the "flash of genius" test of patentability, which is at least analogous to Petitioner's proposed tests. *See Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 15 (1966) ("It also seems apparent that Congress intended by this last sentence of § 103 to abolish the test that it believed this Court announced in the controversial phrase 'flash of creative genius' used in *Cuno Engineering. Corp. v. Automatic Device Corp.*, 314 U.S. 84 (1941)").

improve and disclose at all levels at or above the non-obvious threshold. Further, the patent statute has no requirement that to be patentable, an invention must be "synergistic," "wholly unexpected" or the product of an "extraordinary level" of skill.

The so-called "mere aggregation" test is also subjective. If an aggregation of components is truly "mere," there will be evidence of teaching, suggestion, or motivation to combine the elements.

The Government argues in favor of a case-by-case analysis that could take into account differences in the art, as well as customs and practices in various arts. However, the Government provides no useful guidance for how such a test would be implemented.

These subjective, undeveloped concepts would create less certainty and predictability than we presently enjoy and would imperil the incentives to innovate and invest in innovating. They should not replace the TSM standard.

CONCLUSION

For the reasons set forth above, IPLAC respectfully submits that the Court should retain the requirement of TSM evidence and affirm the judgment of the United States Court of Appeals for the Federal Circuit.

Respectfully submitted,

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